



Patrick W. Henning, Director

February 6, 2008

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Arnold Schwarzenegger
Governor

Mr. Adam Peck, Administrator
Tulare County Workforce Investment Board, Inc.
4025 West Noble Avenue, Suite A
Visalia, CA 93277

Dear Mr. Peck:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Tulare County Workforce Investment Board's (TCWIB) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Mr. Gerald Lee and Ms. Jessica Palyo from September 10, 2007, through September 14, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by TCWIB with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with TCWIB representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of sampled case files, TCWIB's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on January 10, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed finding 2, but unable to address finding 4, cited in the draft report, no further action is required and we consider the issues resolved.

In addition, TCWIB adequately addressed findings 1, and 3, cited in the draft report, and no further action is required at this time. However, these issues will remain open until we verify your implementation of your stated corrective action plan (CAP) during a future onsite review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 80002, and 80004.

BACKGROUND

The TCWIB was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, very little or no allocated WIA funding has been expended. However, for PY 2006-07, TCWIB was allocated: \$1,277,890 to serve 1,800 adult participants; \$3,353,331 to serve 2,559 youth participants; and \$1,277,890 to serve 930 dislocated worker participants.

For the quarter ending June 30, 2007, TCWIB reported the following expenditures for its WIA programs PY 2006-07: \$1,053,718 for adult participants; \$2,741,072 for youth participants; and \$1,053,718 for dislocated worker participants. In addition, TCWIB reported the following enrollments for PY 2006-07: 1,626 adult participants; 2,077 youth participants; and 477 dislocated worker participants. We reviewed case files for 30 of the 4,180 participants enrolled in the WIA program as of September 10, 2007.

PROGRAM REVIEW RESULTS

While we concluded that, overall, TCWIB is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Oversight, training subsistence, and training refunds. The findings that we identified in these areas, our recommendations, and TCWIB proposed resolution of the findings are specified below.

FINDING 1

Requirement: 20 CFR 667.410(a)(1) states, in part, that the each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities in order to determine that

expenditures have been made against the cost categories and within cost limitations.

29 CFR 97.20(b)(3) and (4) state, in part, that effective control and accountability must be maintained for all grant and Subgrant cash and that actual expenditures or outlays must be compared with budgeted amounts for each grant or Subgrant.

WIA Directive WIAD00-7 requires, in part, that the oversight of activities funded under WIA include the assurance that the procurement, receipt and payment for goods and services comply with the provisions of vendor contracts and agreements.

Observation: We observed that TCWIB is not adequately monitoring its agreements with local schools. Specifically, the TCWIB pays fees to local schools to perform administrative tasks such as attendance tracking, ensuring students apply for financial aid, and reporting that information back to TCWIB. These services are in addition to the training services normally provided by the schools and paid for by including an additional cost on Individual Training Accounts (ITA). The TCWIB relies solely on the schools to ensure that the services are provided and has no system to review the documents submitted by the schools to determine if the schools are meeting its responsibilities. For example, we noted there were attendance tracking forms in the case files, but we also observed gaps in the tracking forms without explanations of these gaps.

Recommendation: We recommended that TCWIB provide a CAP that will ensure that TCWIB receives the services associated with the administrative fee paid to local schools.

TCWIB Response: The TCWIB stated that it would perform a desk audit for eligible training providers who charge an administrative fee. A memo indicating the results will be included in the provider's file.

State Conclusion: The TCWIB's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until TCWIB provides the Compliance Review Division (CRD) with the results of the desk audit of eligible training providers and we

verify, during a future onsite visit, TCWIB's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80002.

FINDING 2

Requirement: 20 CFR 663.320(a)(1) states, in part, that WIA funding for training is limited to participants who are unable to obtain grant assistance from other sources. It further states that program operators must coordinate training funds and make funding arrangements. Finally, it states that if a Pell grant is received, the training provider must reimburse the One-Stop operator for WIA funds used to underwrite the training for the amount of the Pell Grant.

Observation: The TCWIB does not ensure that its participants could not obtain training funds from other sources prior to initiating a full WIA sponsorship for training. Specifically, we found 13 participants in our review of 30 participant files appear to be eligible for Pell Grants, but there was no documentation that any efforts or actions taken to determine if these participants were indeed eligible. In addition, the TCWIB's case files lacked documentation showing that other funding sources were investigated prior to using WIA funds.

Subsequent to our request for additional documents regarding their training policy, TCWIB revised their ITA policy to include documentation that other funding sources be investigated prior to using WIA funds for training.

Recommendation: We recommended that TCWIB submit a CAP, with a timeline, showing how it will maintain sufficient documentation to substantiate that the participant is not able to obtain training assistance from other funding sources. In addition, we recommend that TCWIB take action to apply for Pell Grant assistance for the 13 identified participants to offset some of the WIA cost for their training and that TCWIB provide documentation to CRD of its actions.

TCWIB Response: The TCWIB stated that its occupational skill training contracts require application for and reimbursement of tuition from Pell

Grants received by participants. Both local community colleges credit WIA participant contracts for tuition on receipt of Pell Grants as documented on invoices maintained in the TCWIB's fiscal unit.

In addition, Section 663.320(c) states, in part, reimbursement is not required from the portion of Pell Grant assistance disbursed to the WIA participant for education-related expenses.

State Conclusion: We consider this finding resolved.

FINDING 3

Requirement: 20 CFR 667.410(a)(1) states, in part, that each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to determine that expenditures have been made against the cost categories and within the cost limitations specified in the Act and the regulations.

Directive WIAD04-4 states, in part, if services are no longer being rendered within the refund time line agreed upon in the training provider's contract, then a refund for the portion of services not received must be recovered.

Observation: We reviewed two case files in which the participants did not complete their training, and no documentation was available indicating that the remaining tuition was recovered. In addition, we observed documentation indicating that a tool kit was billed to WIA but the participant did not complete the full semester and did not receive a tool kit totaled \$400.

Recommendation: We recommended that TCWIB provide documentation showing the recovery of the remaining tuition for the participant and the tool kit. In addition, we recommended that TCWIB provide a CAP that will ensure that the recovery of training funds is routinely implemented, as necessary.

TCWIB Response: The TCWIB stated that case managers review the training information system for all clients to ensure accurate reporting of payments to the school and that refunds are posted in the fiscal department.

In addition, TCWIB provided documents for the identified clients, which included the reduced tuition bill stated in the case note and a copy of the final invoice; and the refund for the tool kit posted on November 14, 2007.

State Conclusion: We consider the TCWIB's documentation showing the recovery of the remaining tuition for the participant and the tool kit sufficient to resolve the first part of our recommendation.

The TCWIB's stated corrective action regarding the second part of our recommendation should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, TCWIB's successful implementation of its stated corrective action to ensure accurate posting of payments to schools and posting of refunds. Until then, this issue remains open and has been assigned CATS number 80004.

FINDING 4

Requirement: 20 CFR 667.600(b)(1) states, in part, that local areas must provide information about the content of grievance and complaint procedures to participants.

WIAD03-12 states, in part, that initial and continuing notice of the local grievance and complaint procedures and instructions on how to file a complaint must be included in each participant's file. A copy of the acknowledgement of receipt shall be signed by the participant.

TCWIB's Directive TCWIBD-03-8 requires, in part, that initial and continuing notice of the local grievance and complaint procedures and instructions on how to file a complaint must be included in each participant's file. A copy of the acknowledgement of receipt shall be signed by the participant.

Observation: We observed two active case files enrolled prior to January 2005, that did not contain the signed acknowledgement of receipt of TCWIB's grievance and complaint procedures. This

is the third consecutive year this issue was observed during our monitoring review.

Recommendation: We recommended that TCWIB provide a CAP to CRD that details the steps and timeline for ensuring that all case files for active participants enrolled prior to January 2005, to contain a signed receipt acknowledging that they were informed of TCWIB's grievance and complaint procedures.

TCWIB Response: The TCWIB stated that it would continue to attempt to ensure that all active participant files include a signed copy of the grievance form; however, it will remain difficult to fully comply with participants who were enrolled prior to January 2005.

State Conclusion: Based on our review of TCWIB's response, we find that it successfully implemented its CAP to ensure that a signed copy of the grievance form was included in all active participant case files as a result of the PY 2005-06 finding. The TCWIB implemented its CAP on new participants enrolled after our finding, but it failed to ensure that all active participant case files (individuals enrolled prior to January 2005) contained a signed acknowledgement.

At the time of our review, we estimated that TCWIB had less than two-percent of its participants, who were enrolled prior to January 2005, and to date, have even fewer participants. With the continuous reduction of pre-2005 participants as time passes, the opportunity to correct this issue is further diminished because the participants will be terminated from the program. As a result, we have decided to leave this issue open, and unresolvable. No further action is required from TCWIB.

In addition, TCWIB has not appointed adequate labor union representatives to the Workforce Investment Board to ensure that labor union representation equals 15-percent of the WIB members or 10-percent of the WIB members and a letter indicating local board members fails to nominate enough members as required in WIAD06-21. We suggested that TCWIB continue its efforts to fulfill the labor union representation as required in WIAD06-21.

In its response, TCWIB provided a letter from the labor representatives acknowledging that two additional labor representatives is required and the labor

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representatives have provided a candidate for TCWIB. We encourage TCWIB to continue recruiting for its labor representative vacancies.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. As you know, it is TCWIB's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain TCWIB's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Mr. Gerald Lee at (916) 654-8270.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Don Migge, MIC 50
Lydia Rios, MIC 50